

**STATE OF CALIFORNIA
EMPLOYMENT TRAINING PANEL MEETING**

Holiday Inn on the Bay
1355 Harbor Drive
San Diego, California 92109
September 28, 2000

PANEL MEMBERS

John Duncan
Chairman

Aram Hodess
Vice Chairman

Clifford Cummings
Member

Patricia A. Murphy
Member

Tom Rankin
Member

Laurel Shockley
Member

Dan F. Trammell
Member

Pat Williams
Member

Executive Staff

Victoria Bradshaw
Executive Director

Ada Carrillo
Acting Assistant Director, Administration

Peter G. DeMauro
General Counsel

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I. CALL TO ORDER

Vice Chairman Aram Hodess called the public Panel meeting to order at 9:00 a.m.

II. ROLL CALL

Members Present

Aram Hodess, Vice Chairman
Patricia (Noyes) Murphy
Tom Rankin
Dan Trammell
Pat Williams

Members Absent

John Duncan, Chairman
Clifford Cummings
Laurel Shockley

Executive Staff Present

Victoria Bradshaw, Executive Director
Ada Carrillo, Acting Assistant Director
Peter DeMauro, General Counsel

III. APPROVAL OF AGENDA

ACTION: Mr. Rankin moved and Ms. Murphy seconded the Panel approve the Agenda as presented.

Motion carried, 5 – 0.

IV. APPROVAL OF MINUTES

ACTION: Mr. Rankin moved and Mr. Trammell seconded the Panel approve the minutes of August 24, 2000, as written.

Motion carried, 5 – 0.

V. REPORTS OF THE PANEL MEMBERS

There were no reports from the Panel members.

VI. REPORT OF THE EXECUTIVE DIRECTOR

Ms. Bradshaw reported the Governor signed SB 43 into law last week making ETP a permanent program. She announced next month's meeting will include the specifics of the new law and requirements for implementation.

Ms. Bradshaw reported ETP has received a preliminary estimate from the Employment Development Department (EDD) for the 2001 statewide average wage that becomes the basis for the ETP and SET minimum wage. The ETP minimum wage rate will rise 10.6 percent in calendar year 2001, based upon that percentage increase in the state average wage as reported by the Labor Market Information Division.

Ms. Bradshaw announced there will be two public hearings, October 12 in Los Angeles and October 18 in Oakland, to address multiple employer contract issues regarding the level of small business participation, class composition, level of employer contribution, and definition of significant wage as it relates to ETP cost effectiveness. Ms. Bradshaw encouraged those who cannot attend either of these meetings to submit written comments to ETP.

Ms. Bradshaw reported ETP is working on a project with EDD to identify career ladder opportunities in industries that tend to have a cluster of employees that are "dead ended" in low-paying jobs.

VII. REPORT OF THE GENERAL COUNSEL

Mr. DeMauro stated there would not be an Executive Session today.

VIII. OLD BUSINESS

There was no Old Business.

IX. PUBLIC COMMENT

There were no members of the public who wished to comment.

X. TEMPORARY AGENCIES, LEASING COMPANIES, STAFFING SERVICES, AND OTHER EMPLOYMENT INTERMEDIARIES

Ms. Bradshaw explained the purpose of presenting the issue of temporary agencies, leasing companies, etc., is to address a question raised by a number of ETP stakeholders as to the relevancy of the role of employment intermediaries in the ETP process. Ms. Carrillo reported that ETP's enabling legislation sets out, in part, ETP fund only projects that result in secure employment with the likelihood of long-term job security for all the trainees that complete training. ETP regulations define "employment" as full-time, generally 35 hours per week with a single employer. Modifications are allowed in the regulations for certain industries and occupations in which it is not customary to be employed consecutive days with a single employer, such as the entertainment industry and construction trades. The Panel had determined previously that the employment of contingent/temporary workers through a temporary employment agency does not usually result in full-time, secure employment. The Panel has recognized that in the modern job market a limited number of placements of new hire trainees through a temporary employment agency should be allowed, but only when necessary. Regulation 4427, Retained in Employment with a Temporary Agency, does not allow the funding of retraining of non-permanent leased workers under any circumstances. Several national employer surveys suggest that employers use contingent workers to staff peak work periods or to handle unexpected increases in demand for products or services, to fill-in until a regular employee is hired or when a regular employee is ill, on vacation, or leave, to reduce labor costs, and to screen workers for regular jobs. According to industry analysts, contingent work has temporary or unpredictable work schedules, wages that tend to be low and benefits that are either not provided or inadequate. Relationships between workers and employers are conditional and not permanent. A recent Bureau of Labor Statistics survey indicated workers hold contingent jobs for economic reasons, e.g., the only job available and the possibility it will lead to a permanent job, and for personal reasons, e.g., to coordinate work and schooling.

Ms. Carrillo presented several panelists to address the concerns of the Panel regarding the issues of contingent workers and temporary placement agencies.

Susan Alex-Anderson, Area Manager of Volt Temporary Services Group, and Judy Lawton, owner of TLC Staffing, stated that with the rapid changes in technology and competition in manufacturing companies, their client companies are using staffing services to supply workers who are qualified, pre-screened, tested, background checked, and drug screened, thus saving their human resources departments time, energy, and money. Companies are utilizing temporary staff as a way to manage labor costs and to fill openings where there are longer search times required for full-time staffing in an economy with low unemployment. Their staffing agencies provide benefits and are required to supply Worker's Compensation Insurance.

Jerry Butkiewicz, Secretary/Treasurer of San Diego and Imperial Counties Central Labor Council, spoke on long-term jobs. He stated temporary jobs are not safe jobs, and are not considered secure. He stated statistics show temporary employees are paid lower wages, have inadequate or no benefits, and are subject to work schedules

that are unpredictable. Mr. Butkiewicz pointed out that the ETP program, as stated on the ETP Website, trains workers for companies that provide long-term job security.

Thomas Doyle, Executive Director of American Federation of Television and Radio Artists and Screen Actors Guild (AFTRA & SAG) in San Diego, and Tom Merritt, General Manager of Four Square Productions, addressed the issue of entertainment and temporary workers. Mr. Doyle described the unique workings of the media and entertainment industry. The industry uses the term “free lance” workers. These employees are not considered temporary even though they work project by project with separate employers. They are working under an “umbrella” within the industry. Mr. Merritt stated the “free-lance” employee usually has a specific skill and because of the nature of the industry works on a project-by-project basis.

Ms. Murphy pointed out similarities between the temporary agency industry and the entertainment industry. She stated both industries have a significant impact on the State’s economy. She questioned how the Panel can accommodate the needs of one training agency industry that is important to the economy of the State and not accommodate the training needs of another industry that is equally important to the State’s economy. Mr. Rankin pointed out the entertainment agency is serving just one industry whereas the temporary/leasing/staffing agencies are serving a multitude of industries.

Linda Goldberg, Executive Director of Video Symphony, spoke on the evolution of the entertainment industry training needs due to the rapidly changing technology. She described the Hollywood entertainment industry as not being a “job oriented” industry but a “project oriented” industry. The employee can be better described as an independent contractor or entrepreneur and is usually paid through a payroll service.

XI. PUBLIC COMMENT

Sandra Price, Consultant with Landsberg Quality Institute, spoke on an employer being a co-employee with a staffing agency. The employer owns and operates the company but the owner and employees are actually “leased” through the service agency in order to receive better benefits that can only be obtained through the strength of the larger service agency’s buying power.

Philip Delgado, Research Associate with Center on Policy Initiatives in San Diego, provided economic information on temporary workers in California. The total number of jobs in California grew by 10.2 percent in the 1990’s; temporary jobs grew by 113 percent. Between 1995 and 2002, temporary jobs are expected to grow across all occupations by approximately 43 percent. Data from the Bureau of Labor Statistics show temporary workers earn approximately 9 percent less than regular full-time workers with the same job and same demographic characteristics. Thirty percent of the temporary workers had family incomes below \$15,000. Approximately 7 percent of the temporary workers had benefits provided through their employers. Temporary workers are also exempt from laws designed to protect workers since many do not work enough hours to be covered under the Family and Medical Leave Act, etc.

Temporary workers do not enjoy the same rights as regular full-time workers and they are excluded from company benefit programs since they do not stay with one employer or in one location for any length of time. It is also difficult for temporary workers to form any kind of collective bargaining unit.

SallyAnne Monti, Project Manager, Manex, spoke on the small manufacturing companies with “leased” employees. The small to mid-sized company does not have the internal resources to deliver human resources services and benefits. These smaller manufacturing companies process their permanent full-time workforce through a larger payroll and/or human resources “consulting” firms that are able to provide better benefit packages. The “consulting” firm is paid a fee for those services. The employees are actually full-time employees of the manufacturer; however, payroll comes through the “consulting” firm. These employees are considered “leased” and therefore not eligible for the ETP program.

Mr. Butkiewicz stated that if a labor union has a joint management labor training trust, certified by the State of California, it could apply for ETP funding. A labor council that does not have a joint labor management training trust is not eligible for ETP funding. He requested staff to review that policy and reconsider the position of local unions’ eligibility.

Mr. DeMauro stated the current statute enables the Panel to contract with employers, a group of employers, training agencies, and workforce investment boards. A group of employers is defined as two or more employers which act as supplier to a primary employer, a professional association, trade association, joint apprenticeship training committee, and/or any economic development corporation. The Panel is limited to what statute permits. The Panel would have to seek legislation to expand its rights. A training agency is defined as a local training entity or a private training entity, state or local school or education agency that has been in existence for a minimum of two years preceding the ETP application for Panel funding and has an established history of providing training and placement services to the public.

ACTION: Mr. Rankin moved that the Panel maintain the status quo on Regulation 4427. Motion seconded by Mr. Trammell.

Motion carried, 5 – 0.

Vice Chairman Hodess thanked all the speakers for their presentations.

XII. CONSENT CALENDAR, FINAL AGREEMENTS, AND AMENDMENTS

There were no items for the Consent Calendar or Final Agreements.

Amendments

Oxman College (SET) (Welfare to Work)

Charles Lundberg, acting manager of ETP's Sacramento field office, presented an Amendment for Oxman College to make three adjustments that would not change the amount of the contract. The Amendment was presented to the Panel because it is in the SET category and Welfare to Work. The three changes are: 1) to add some participating employers to the contract, 2) to make a correction to a type of training, and 3) to make some technical corrections on some occupations that are listed.

Mr. Hodess asked if the trainees were placed in jobs that related to the training provided in the contract and Mr. Lundberg replied, "absolutely."

ACTION: Mr. Rankin moved and Ms. Williams seconded the Panel approve the proposed Amendment as proposed.

Motion carried, 5 – 0.

California Human Development Corporation (SET)

Creighton Chan, manager of ETP's San Mateo field office, presented an Amendment for California Human Development Corporation (CHDC) to decrease the amount of the contract by \$24,266. Originally, the contract was to train and place 40 unemployment insurance recipients or recent exhaustees who face at least two barriers to employment in electronics assembly, welding, and truck driving occupations. The Contractor found there was a greater demand for truck driving training. The Amendment would transfer funds from welding and electronic assembly training to truck driver training (Jobs 5 and 6).

Staff recommended that the Panel approved this Amendment based on the fact that there is a demonstrated shortage of truck drivers in the communities CHDC serves.

ACTION: Ms. Williams moved and Ms. Murphy seconded the Panel approve the proposed Amendment as proposed.

Motion carried, 5 – 0.

Safeway, Incorporated (SET)

Mr. Chan presented an Amendment for Safeway, Inc. to increase funding by \$800. Based on an on-going evaluation of its training project, Safeway has identified that Job 3 training should be restructured to include structured on-site training (SOST) and is proposing to change Job 3's training hours from 56 hours (class hours) to 72 hours (32 hours class and 40 hours SOST). Job 3 consists of clerks who are being trained to become department managers. Safeway has determined that in order for these trainees to gain competencies in supervisory skills, Job 3 must have SOST hours.

The United Food & Commercial Workers, and the Bakery, Confectionery & Tobacco Worker Union Local 85 have provided statements in support of this Amendment.

Staff recommended that the Panel find the Contractor's request reasonable and approve the Amendment.

ACTION: Mr. Rankin moved and Mr. Trammell seconded the Panel approve the proposed Amendment as proposed.

Motion carried, 5 – 0.

Glendale Community College Professional Development Center (SET)

Ron Tagami, manager of ETP's North Hollywood field office, presented an Amendment request for the Glendale Community College Professional Development Center that would decrease the number of trainees in Jobs 1 and 7 by 28 trainees and increase the number of trainees in Jobs 3 through 6 by a total of 40 trainees, thereby decreasing the total amount of the contract by \$3,646.

Staff recommended the Panel approve the Amendment.

ACTION: Ms. Williams moved and Mr. Rankin seconded the Panel approve the proposed Amendment as proposed.

Motion carried, 5 – 0.

George G. Glenner Alzheimers Family Center (SET)

Diana Torres, manager of ETP's San Diego field office, presented a proposed Amendment for the George G. Glenner Alzheimers Family Center to add a second phase that would increase the Agreement amount by \$250,550 for a total agreement amount of \$504,820.

As a new-hire contractor, George G. Glenner has submitted evidence of employer demand and employer participation in the development of the training curriculum as well as the method used to ensure continuous employer feedback. The Contractor has also provided historical wage information to justify the cost effectiveness of the cost per trainee. The Contractor also states the costs are further justified because training will result in moving trainees into employment with demonstrated career paths. Lastly, as a new-hire multiple employer contractor, George G. Glenner provides training to Certified Nurse Assistants (CNA) with additional specialized occupation training as Certified Home Health Aides and Dementia Care Specialists. George G. Glenner further states that this training is not generic but driven by industry-specific staffing needs to license workers as CNAs.

Staff recommended that the Panel find the Contractor's request reasonable and approve the Amendment if funding is available and the project meets Panel priorities and is consistent with the Panel's multiple employer contract policy.

Ms. Torres introduced Jean Stamen, Director of the School of Dementia Care. Ms. Stamen mentioned that over 60 percent of long-term patients have a dementia illness and caregivers must have highly specialized training to care for this population. Other care facilities in San Diego County come to the Glenner Centers for training in appropriate care, continuing education, and for consulting on program design. Ms. Stamen provided the Panel with letters stressing the urgent need for trained caregivers and the long-term relationship Glenner has with other care providers in San Diego County and nationwide.

ACTION: Ms. Williams moved and Mr. Trammell seconded the Panel approve the proposed Amendment as proposed.

Motion carried, 5 – 0.

St. John Knits, Inc (SET)

Ms. Torres presented an Amendment for St. John Knits, Inc. stating that the Contractor proposes to create a new job number to train 30 retrainees under Title 22, California Code of Regulations, Section 4409(b)(6), Special Employment Training. St. John Knits proposes to train these employees whom they have certified as having a minimum of two barriers to full-time employment. The Contractor stated that although these employees have worked for St. John for several years, they have not been able to fully participate in promotions to occupations where they could increase their wages. The Contractor further stated that the production techniques training would be an effective means of eliminating the barriers to full participation in the company's labor force.

In accordance with Title 22, California Code of Regulations, Section 4409(b)(6)(C), pertaining to SET barriers to full-time employment, the Contractor requested the Panel waive the current ETP minimum wage (\$9.83 per hour for Orange County) at retention. The Contractor asked the Panel to consider a reduced wage of \$7.61 per hour plus \$.80 per hour in health benefits for a total hourly wage at retention of \$8.41.

Staff recommended approval of this Amendment and the Contractor's request to waive ETP's minimum wage.

Mr. Hodess asked if it actually took 16 years for St. John Knits to notice there was a problem with these people. He felt that the employer should have taken care of the problem in that 16-year period.

Steve Duscha representing National Training Systems, which is the vendor to St. John Knits, stated that the purpose of this Amendment was to allow training of some of the people who run the sewing machines. The existing contract is limited to office staff and managers in the company, not the workers.

Ms. Bradshaw stated that the first contract included primarily frontline workers. The proposed trainees, even though employed by this particular employer anywhere from

1 to 16 years, because of the limitations they have, were never able to move beyond low-end jobs. However, at this point in time, these employees do not meet the ETP minimum wage. The Contractor is requesting a waiver of the ETP minimum wage because of the multiple barriers of these employees so they can be provided with additional training and given the opportunity to move up the career ladder.

Ms. Williams stated that this is a company that manufactures very expensive woman's clothing. She suggested that if in the future this company should request additional funding, the Panel should take a more in-depth review of the proposal. Ms. Williams stated that the garment industry is an industry the Panel should target because it has employees with many barriers to employment and we should especially look at companies that manufacture expensive products but pay workers low wages. Ms. Williams stated that since St. John Knits is not asking for an increase and there will be a reduction, she felt the Amendment should be allowed this time.

Mr. Rankin asked about the number of employees being trained. He pointed out that at the top of page 2, the ETP Form 130 indicates 5 additional retrainees and in the narrative text it states 30 retrainees. It was explained that the total amount increases by 5, and another 25 will be shifted from another job number.

Mr. Rankin emphasized the need for the Panel to develop standards regarding wages after training. He questioned the number of lead worker jobs available. He stated that he would approve this Amendment only because it does not include additional funding. He stated that the Panel does need to look at this type of project in the future. He further stated if another company such as this applies, the application should include all of the production workers as well as other workers in the company.

ACTION: Ms. Williams moved and Ms. Murphy seconded the Panel approve the Amendment as proposed.

Motion carried, 5 – 0.

XIII. REVIEW AND ACTION ON AGREEMENTS AND PROPOSED AGREEMENTS

Proposed Agreements

12th Street Collaborative for Montessori Education

The Contractor withdrew this Proposed Agreement from this month's Panel meeting.

One-Step Agreements

Automotive Importing Manufacturing, Incorporated

Mr. Lundberg presented a One-Step Agreement for Automotive Importing Manufacturing, Inc. in the amount of \$258,368 for the retraining of 132 workers. This

would be their second ETP contract. The first contract earned 80 percent of the amount approved for funding.

Automotive Importing Manufacturing, Inc., specialize in foreign and domestic automotive electrical products, primarily alternators, starters, and generators. The company has its manufacturing facility in Ranch Cordova, which is near Sacramento. This company is facing increasing competition from other producers throughout the world. Therefore, the company is proposing a comprehensive training program to remain competitive, focusing on redesign of process flows, improved quality, preventative maintenance and repairs, and also sales techniques.

The company certifies that this training is supplemental training and estimates that its contribution to the program to be approximately \$200,000 excluding wages, which it estimates to be in excess of \$278,000, making the total employer contribution approximately \$478,000.

The staff recommended the Panel approve this One-Step Agreement if funding is available and the project meets Panel priorities.

Mr. Lundberg introduced Lee Field, Vice President of Special Projects. Mr. Field gave some history of the company. He stated the Company has had some training in the past and it proved to be invaluable to their staff, especially to their production workers. He stated the training not only led to building a better product, it also made the Company more competitive in the market place at a time when this particular industry is moving into the Pacific-rim countries.

Mr. Hodess asked what the training budget is, apart from the ETP funding, and if the company has an ongoing training program.

Mr. Field stated the company does have an ongoing program. A lot of the training is on the job training. The company has purchased new equipment and has paid for training to go along with the new equipment to train testers who will then train other employees in the company.

Mr. Hodess asked what the company budgets each year for training. Mr. Field stated the budget is approximately \$200,000 in addition to an Educational Reimbursement Program where the company pays 100 percent tuition and 80 percent of books for any class that pertains to an employees work environment. If it is a degree program and the skill/education can be used within the company, the company pays 100 percent tuition and 80 percent for books.

Mr. Hodess asked if ETP audits the additional training provided by the company. Mr. Lundberg stated that ETP does not audit the additional training provided by the company.

ACTION: Mr. Rankin moved and Ms. Williams seconded the Panel approve the proposed One-Step Agreement as proposed.

Motion carried, 5 – 0.

Grundfos Pumps Manufacturing Corporation

A One-Step Agreement for Grundfos Pumps Manufacturing Corporation was withdrawn from consideration at this month's Panel meeting.

Falcon Lock

Mr. Tagami announced the One-Step Agreement for Falcon Lock has been withdrawn from consideration at this month's Panel meeting.

Ricoh Electronics, Incorporated

Mr. Tagami presented a One-Step Agreement for Ricoh Electronics, Inc. a company that has three business groups: Office Machine Group, Disc Media Group, and Supply Product Group. The Supply Product Group is requesting ETP funding and manufactures toner, developer, and thermal paper products. This group has 393 employees in Santa Ana and is requesting ETP funds to train 128 employees in Continuous Improvement. The company representative stated that after these trainees are trained, the company, at its own expense, would train the balance of its workforce.

Staff recommended the Panel approve the Agreement.

Mr. Tagami introduced Housam El Jurdi, Vice President, Business Group Manager and signatory to the agreement. Mr. El Jurdi introduced J.B. Johnson, Project Manager, and Brenda Whiteside, Corporate Training Manager. Mr. El Jurdi stated that the Supply Product Group is in the business of manufacturing toner and supplies for copiers, printers, and fax machines. He stated the company's business environment has recently gone through significant changes and, therefore, it is imperative to expand production capacity by improving yield and machine operation rate. In order to achieve this, the employees need to have the confidence to take the initiative to recognize a problem and create a solution. This confidence level will come with the newly acquired knowledge and skills gained in training. Mr. El Jurdi stated in order for Ricoh to stay competitive in the market, it is very important for the company to improve the expertise of its employees. He believes that problem-solving skills can enhance the ability to achieve these objectives.

Next year, the corporate training department will be focusing on its training on performance management courses, such as reviewing performance, maximizing performance, accountability and setting performance expectations. Meanwhile, the company will continue to provide training in preventive maintenance including operation safety and overall equipment efficiency.

ACTION: Ms. Murphy moved and Ms. Williams seconded the Panel approve the proposed One-Step Agreement as proposed.

Motion carried, 5 – 0.

Covenant Care, Incorporated (Welfare to Work)

Ms. Torres presented a One-Step Agreement for Covenant Care, Inc (CCI). She pointed out that this is a unique project in that it is a single employer, not multiple employers, who seeks funding for both 60 new-hires and 140 welfare-to-work retrainees. Covenant Care, Inc. proposes to train these trainees in a 232 hour CNA curriculum for placements in their nursing home facilities. The Contractor's need is a result of the critical shortage of CNAs stemming from the dramatic increase in the demand for this occupation. The welfare-to-work retrainees will be hired by CCI prior to the commencement of training. They will earn wages not only while working but also while in the training class. At the completion of training, the welfare-to-work retrainees will increase to full-time work. The eligible UI unemployment new-hires will also be hired full-time at the completion of training. CCI has established collaboratives with appropriate agencies for successful recruitment of eligible welfare-to-work retrainees and new-hire trainees. CCI has certified its own ongoing commitment to the training of these new employees.

CCI has stated that in addition to funds from ETP, it projects to incur training costs and other training related expenses in the amount of \$76,000. Wages of the welfare to work retrainees to be paid during training total approximately \$308,560.

The letter of union support in the Panel Packet from SEIU Local #250 is for two of the CCI facilities that are covered by a collective bargaining agreement in Santa Clara County.

Staff recommended Panel approval if the project meets Panel priorities.

Ms. Torres introduces Robert Lonto, Director of Field Recruitment, and Dr. Frank Chavez from World Solutions Group. Mr. Lonto stated that the nation is facing a shortage crisis of qualified healthcare professionals. Mr. Lonto believes that CCI's program is in accordance with ETP guidelines and that it also mirrors Governor Gray Davis' Aging With Dignity initiatives.

ACTION: Ms. Williams moved and Mr. Rankin seconded the Panel approve the proposed One-Step Agreement as proposed.

Motion carried, 5 – 0.

CSD Industries

Ms. Torres presented a One-Step Agreement for CSD Industries, Inc., a manufacturer of computer cables and accessories. CSD proposes to train 129 of its workforce in skills necessary to move to a high performance workplace, for a total program cost of \$160,238. CSD states that as a necessary second step to the internal systems improvement it began six years ago, it must now institute a company-wide training effort to support its business performance improvement plan. The training proposed

here is in Continuous Improvement, Business Skills, and Computer Skills. With achievement of these skills, CSD believes that it can achieve its goal of improving its processes for better performance to customers in delivery, quality, and cost.

CSD has certified that this training is supplemental to its current on-going training. The Company representatives have also certified that in addition to funds from ETP, they project to have training costs and other training related expenses of \$130,000. Wages to be paid to employees while in training amount to \$65,000. Additionally, the Company states that total training expenditures for the two years following ETP training are projected to be approximately \$96,000.

Staff recommended the Panel approve this proposal if the project meets Panel priorities.

Ms. Torres introduced Susan Thompson Halliday, Vice President and Controller, and Janet Morris, Human Resources Manager. Ms. Halliday stated that CSD has requested ETP funding to improve and enhance the skills of its current workforce. The funding will allow them to provide training for their employees far beyond the current basic job specific and orientation training currently provided. CSD is an ISO 9002 quality system certified manufacturer. Ms. Halliday believes that by extending this quality system throughout all functional areas of the company through a business performance improvement program, the skill and productivity levels of all employees in the organization will improve. This employee and process specific training will result in higher compensation, higher retention, and a higher level of internal and external customer satisfaction, making it more likely that the company will remain competitive.

Mr. Rankin asked what the production worker wage will be when the training is completed. Ms. Halliday said the wage would go up an estimated \$1.00 to \$1.25 per hour.

ACTION: Mr. Trammell moved and Ms. Williams seconded the Panel approve the proposed Amendment as proposed.

Motion carried, 5 – 0.

IXL, Incorporated

Ms. Torres introduced One-Step proposed Agreement for IXL, Inc. an Internet and consulting services company for a total program cost of \$282,256. IXL proposes to train 137 retrainees in skills necessary to move into a high performance workplace. As a provider of services threatened by out-of-state competition, IXL is an eligible ETP contractor. The Contractor states that as a result of the rapid workforce growth over the last two years as well as increased competition, there is a critical need to retain its current employees. Therefore, it is vital to upgrade the technical skills of its current workforce.

IXL has certified that this training is supplemental to its current training practices. Training-related expenses for the ETP project not covered by ETP are estimated at \$1,000,000 in addition to \$650,000 paid to employees while in training.

Staff recommended Panel approval if the project meets Panel priorities.

Ms. Torres introduced David G. Watkins, General Manager, and Lori Tappe, Director of Human Resources. Mr. Watkins stated that IXL is a fairly large company of about 3,100 employees. He stated the Company's San Diego office has grown from 9 to 90 in the last two years. The Company has increased the amount spent on training from approximately \$1,000 per person to \$3,000 per person. Additional funding assistance will enable it to bring more staff into San Diego and to keep jobs here in California.

Ms. Williams asked about the subcontractors doing the same type of training and how they plan to manage that. Mr. Watkins stated they plan to retain a limited amount of people to actually do the training, and they plan to use techniques such as the Rational Unified Process, which is one of the fundamental methodologies that they use. In addition, they provide other training.

ACTION: Mr. Trammell moved and Ms. Williams seconded the Panel approve the proposed One-Step Agreement as proposed.

Motion carried, 5 – 0.

Fluor Gulf Communications, Incorporated (SET)

Ms. Torres presented a One-Step Agreement for Fluor Gulf Communications, Inc. a telecommunications company that provides installation and maintenance service. This proposal is an Economic Development Referral from the California Trade and Commerce Agency. Fluor proposes to train 543 retrainees under the ETP funding category of Special Employment Training for New and/or Emerging Industries for a total program cost of \$499,986. The 543 retrainees and new workers will be trained in the installation of "fixed wireless services." The development of this digital technology has provided the opportunity to train California workers in a new industry with high skilled jobs. Fluor representatives have further stated that it is committed to establishing a gender-equitable workforce that represents the ethnicity and genders of the communities it serves.

Company representatives report that employees receive training in corporate overview and orientation, driver safety, installation safety, GPS positioning, administrative skills, dispatching and work order processing. All of this training will continue at the company's expense and is not included in the ETP-funded portion of the training. Training related expenses outside ETP funding are estimated at over \$3,000,000 in addition to wages paid to employees during training exceeding \$700,000.

Staff recommended Panel approval if the project meets Panel priorities.

Ms. Torres introduced Phil Stover, Vice President of Fluor Gulf, and Randy Brooks, Director of Operations and Telecommunications. Mr. Stover stated that this is a new

business enterprise of Fluor Corporation. AT&T has developed and invented a new digital broad band company and data service and has asked Fluor to be their outsource agent to introduce, install, and maintain this service on customer premises. Fluor must train a workforce because of the new technology. The Company has two locations in San Diego and in El Cajon, which is set up as a training center. By the end of 2002 the Company expects to have in excess of 2000 technicians performing this installation.

Mr. Rankin asked if the company is a subcontractor for AT&T. Mr. Stover replied that Fluor has a partnership agreement for the installation and maintenance with AT&T and can be considered a contractor of AT&T.

Mr. Rankin asked if the wages are comparable to those of AT&T, Pacific Bell, and the unionized sector. Mr. Brooks replied that they did conduct a labor survey and compared the wage structure to those of the telecommunications groups and found wages to be competitive and equitable. Mr. Brooks stated they did not have a direct one-to-one correlation because this is new technology and a new type of employee.

ACTION: Ms Murphy moved and Mr. Trammell seconded the Panel approve the proposed One-Step Agreement as proposed.

Motion carried, 5 – 0.

Standard Pacific Homes (SET)

Ms. Torres presented a One-Step Agreement for Standard Pacific Homes of Orange County Division. This project was brought to the Panel's attention through the marketing efforts of the California Workers Assistance Program, AFL-CIO. Standard Pacific Homes proposes to train 142 retrainees under the Special Employment Training category for frontline workers for a total program cost of \$144,066. Standard Pacific states that as a result of the increased competitiveness in the home building industry there is a need to move to a high performance workplace. As such, the company is committed to develop highly trained frontline workers. There is a need to train the workforce in skills such as strategic leadership skills. Standard Pacific has provided ETP staff with job descriptions and an organizational chart demonstrating frontline worker eligibility for each of the occupations in the Training Plan.

The Contractor has certified that this training is supplemental to its current training practices. Further, Standard Pacific states that training expenses outside of ETP funding total approximately \$145,823 in addition to \$267,880 in wages paid to employees during the training.

Staff recommended that the Panel approve this project if it meets Panel priorities.

Ms. Torres introduced Scott Stowell, Orange County Division President. Mr. Stowell stated the training program would supplement the oft-time spotty training that has been done for many years. Homebuilders have fallen significantly behind in training the frontline workers and they are facing increasing competition from builders outside of California.

As the Division President, Mr. Stowell stated he plans to focus on creating a high performance work organization and is prepared to make investments in training that are significant. Without the support of the ETP program he probably would not get approval to do the types of training that he believes are needed.

Home building in California provides about 800,000 jobs throughout the state and is a significant driver of the local economy.

Mr. Hodess asked if they prioritize their contracting with subcontractors who supply the labor contingent while the company is training its own employees. Mr. Stowell replied yes they do. In his opinion, however, they are falling behind in terms of the skill of the labor force that they are drawing upon for residential housing projects. Therefore, as part of a strategic initiative, a Trade Contractor Alliance has been formed, where a meeting with the subcontractors is held each quarter with an agenda of initiatives to accomplish. Training is also on the agenda. It is a very specific requirement of the subcontractors to train their workers and to manage the quality of their work.

Mr. Stowell was asked if the subcontractors were generally involved in apprenticeship programs. Mr. Stowell stated that some of them are. Many of his subcontractors are really small businesses, and the owners of these businesses are not as sophisticated as they need to be in regard to labor issues. However, it is now a requirement that when subcontractors bid on a project, they prove they have these programs in place and have a commitment to quality.

ACTION: Mr. Trammell moved and Ms. Williams seconded the Panel approve the proposed Amendment as proposed.

Motion carried, 5 – 0.

GSI of California, Incorporated (SET)

Mr. Chan presented a One-Step Agreement for GSI of California, Inc. in the amount of \$366,560. This project will be funded under Special Employment Training category for frontline workers. GSI of California has served the petrochemical plants by providing industrial construction and maintenance services such as repair of piping, pumps, compressors, boilers and other mechanical equipment that are subject to high heat and high pressure. In an effort to accommodate business demands, GSI of California, Inc. is expanding its existing services to include general contracting services. Also to provide efficiency and to be competitive, GSI of California, Inc. needs to move to a high performance workplace. Therefore, the company is proposing to retrain skilled petrochemical industry craft workers in areas that will enable them to work in a team environment in the general contracting field.

GSI of California, Inc. certifies that the company will continue to invest as least \$45,000 to \$75,000 per year for training following the ETP-funded training. GSI will incur costs of approximately \$45,000 in wages paid to employees during training. Future training will be continued at the company at approximately the same rate and intensity as during the ETP

training. To achieve this, the company is building a large training facility with a projected investment of \$1,475,000.

Staff recommended approval of this One-Step Agreement if funds are available and it meets Panel priorities.

Mr. Chan introduced Ralph Guhlke, Training Manager, and Teresa Olson, Director of Training. Ms. Olson stated that they have invested in new facilities and have begun to expand their staff so they may take their workers to a higher level of performance. Ms. Olson stated that these workers have already been through apprenticeship type programs and this training will be supplemental training to upgrade their skills to a higher performance level.

Mr. Trammell indicated that this resembles an apprenticeship program. He asked how this differs from the other programs he normally sees from the unions. Mr. Guhlke said that this training does not have anything to do with the apprentice program. Mr. Guhlke stated GSI would be training existing craftsmen to go into other areas. The 188 employees from Contra Costa and Solano counties would be retrained to go into other areas in which they want to go such as pharmaceutical, and food and beverage.

Mr. Guhlke was asked if employees were going to be doing construction, would they be constructing facilities? Mr. Guhlke said that they would be primarily upgrading or remodeling areas.

Mr. Guhlke was asked if these are union employees. He answered that they are not union employees.

Mr. Hodess asked if the 188 employees are working in the petrol industry and what crafts are they in. Mr. Guhlke stated that the people they wish to train are working in the chemical industry and in oil refining. They are maintenance workers, people who have been on the same jobs for 10 or 12 years. They are well-skilled, highly motivated, and long-term loyal employees, and the Company's goal is to train this group to become mentors to the entry level people who may be interested in the company's other industries.

Mr. Hodess asked what crafts they are performing. Mr. Guhlke stated that they were pipe fitters, boilermakers, electricians, general civil type workers, and concrete finishers. It's a ground-up, turnkey type organization.

Mr. Hodess asked if GSI wished to take a pipe fitter and train him, with the ETP funding, in electrical or carpentry work. He asked Mr. Guhlke if the company is cross-training these people and exposing them to work they are not doing now.

Mr. Guhlke stated that the company would like to take them into an area where technology has passed them by, get them caught up to the new technology (the newer tools and newer products on the market), so they can be brought up to speed and can work in both industries.

Mr. Hodess asked how many of these employees have gone through formal apprenticeship training and which programs have they been through? Mr. Guhlke stated that he couldn't give him a precise number. He said that there are approximately 25 to 50 percent who have completed or are currently in a four or five year program.

Mr. Hodess stated that one of the concerns that he has is that the Employment Training Panel legislation prohibits any funding be used to replace, parallel, supplant, compete with or duplicate in any way already existing approved apprenticeship programs. If GSI is taking a pipe fitter and teaching him to do electrical wiring in a general construction enterprise, that would be duplicating the apprenticeship training in the state approved apprenticeship programs. Mr. Hodess stated he believes the training proposed is in conflict with the legislation because the Contractor would be providing training that would duplicate training provided in recognized state approved apprenticeship programs.

Ms. Olson stated that GSI has other offices and companies in other states that are doing this same type of cross training. She stated that the company is not going to take a pipe fitter and turn him into an electrician. The Company's goal is a higher performance pipe fitter who as a team member out on a site makes it a safer workplace because he is more aware of his work environment and has a better knowledge of what that other craft person is doing. The goal is not to turn him into a journeyman in another craft but to provide him with more knowledge and team upgrading.

Ms. Bradshaw stated training can be provided in those particular occupations, but if they are going to train a pipe fitter to be an electrician, then there is a possible apprenticeship issue. However, one can have additional skills without being a journeyman in each craft. Ms. Bradshaw stated it was ETP's understanding when the project was presented that there would not be any training that replaces what is already being provided in a recognized apprenticeship program.

Mr. Hodess said the Contractor stated that GSI was going to train people as mentors. He asked if that meant the mentors would be training new employees in skills such as those of a carpenter? That would not comply with the terms of the statute.

Mr. Guhlke stated that is not the plan. The Company has some employees who have been employed the Company for a very long time and the Company wishes to train these individuals in the skills necessary to act as lead persons to be able to supervise newly hired people. The titles and occupations listed are the employees' current occupations and do not reflect apprenticeship training.

Ms. Olson said that it was not the Company's intention to train the workers, under this funding, to go through an apprenticeship program. She stated she provides a very rigid apprenticeship program in other areas and the small amount of training being proposed could not be compared to an apprenticeship-training program. This is strictly an upgrade of information so that one worker knows what the other one is doing and they can work as a better, more cohesive team. She stated the leaders among the group who are aware of the whole picture of the situation are obviously better leaders, thus a better workforce, with better retention. She stated the Company goal is to upgrade the skills of those who have been employed with the Company for a long time. Ms. Olson stated it has taken the

Company a great deal of time to determine how to provide the best environment for learning. Additionally, over the last few years, new technology has evolved and standard tools and skills need to be upgraded to allow for more high-performance specialists.

Mr. Hodess stated that in reviewing the proposal he did not believe that was what their proposal implied. He stated the proposal describes giving employees a set of skills that will allow them to be capable of multi-tasking between two diverse industries. He stated it appears to him that the Company wants to provide cross training. Mr. Hodess stated if training is being provided for another trade, i.e., a journeyman or journeywoman pipe fitter, boilermaker, electrician, etc., he considers that to duplicate in some way what an already approved apprenticeship program is already doing. Mr. Hodess suggested sending this proposal back to staff for clarification.

Ms. Bradshaw stated she, too, was confused as to what this proposal actually is for because what is now being described is inconsistent with what was previously explained to staff when the project was going through the approval process. She recommended that the proposal be sent back to staff so that the issues can be clarified and be brought back to the October Panel meeting for a Panel decision if that is necessary.

Peter DeMauro quoted UI Code 10200(4), which states, "... it is further the intention of the Legislature that programs developed pursuant to this Chapter shall not replace, parallel, supplant, compete with, or duplicate in any way already existing approved apprenticeship programs."

ACTION: Mr. Rankin moved and Dan Trammell seconded the Panel reject the proposed One-Step Agreement as proposed.

A roll call vote on motion to reject proposal unanimously carried, 5– 0.

XIV. PUBLIC COMMENT

There were no members of the public who wished to comment.

XV. ADJOURN

It was moved by Ms. Williams and seconded by Ms. Murphy the Panel meeting be adjourned. There being no further business and no objection, the meeting was adjourned at 2:00 p.m.